

# EXECUTIVE RECOMMENDATION

## New Office Building - No. 087600

Category: Housing Opportunities Commission  
 Agency: Housing Opportunities Commission  
 Planning Area: Rockville  
 Relocation Impact:

Date Last Modified: January 3, 2007  
 Required Adequate Public Facility: No

### EXPENDITURE SCHEDULE (\$000)

Cost Element	Thru		Remain.		6 Year						Beyond	
	Total	FY06	FY06	Total	FY07	FY08	FY09	FY10	FY11	FY12	6 Years	
Land	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

### FUNDING SCHEDULE (\$000)

G.O. Bonds	0	0	0	0	0	0	0	0	0	0	0	0
HOC Bonds	0	0	0	0	0	0	0	0	0	0	0	0

### COMPARISON (\$000)

	Thru		Remain.		6 Year						Beyond		Approp.
	Total	FY06	FY06	Total	FY07	FY08	FY09	FY10	FY11	FY12	6 Years	Request	
Current Approved	0	0	0	0	0	0	0	0	0	0	0	0	0
Agency Request	27,336	0	0	27,336	14,198	6,569	6,569	0	0	0	0	6,569	0
Recommended	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>CHANGE</b>				<b>TOTAL</b>	<b>%</b>	<b>6-YEAR</b>	<b>%</b>					<b>APPROP.</b>	
Agency Request vs Approved				27,336	0.0%	27,336	0.0%			6,569	0.0%		
Recommended vs Approved				0	0.0%	0	0.0%			0	0.0%		
Recommended vs Request				(27,336)	(100.0%)	(27,336)	(100.0%)			(6,569)	(100.0%)		

#### Recommendation

DO NOT APPROVE

#### Comments

For fiscal reasons, the County Executive does not recommend the proposed project.

# New Office Building -- No. 087600

Category  
Agency  
Planning Area  
Relocation Impact

Housing Opportunities Commission  
Housing Opportunities Commission  
Rockville  
None.

Date Last Modified  
Required Adequate Public Facility

January 3, 2007  
NO

## EXPENDITURE SCHEDULE (\$000)

Cost Element	Total	Thru FY06	Rem. FY06	Total 6 Years	FY07	FY08	FY09	FY10	FY11	FY12	Beyond 6 Years
Planning, Design and Supervision											
Land	27,336	0	0	27,336	14,198	6,569	6,569	0	0	0	0
Site Improvements and Utilities											
Construction											
Other											
Total	27,336	0	0	27,336	14,198	6,569	6,569	0	0	0	0

## FUNDING SCHEDULE (\$000)

G.O. Bonds	19,707	0	0	19,707	6,569	6,569	6,569	0	0	0	0
HOC Bonds	7,629	0	0	7,629	7,629	0	0	0	0	0	0

## ANNUAL OPERATING BUDGET IMPACT (\$000)

### DESCRIPTION

HOC's headquarters are currently located at 10400 Detrick Avenue in Kensington. The County has made this 1950's era former school building available to HOC since 1983 via below market rate lease. As HOC has grown and its programs have expanded and diversified, this facility has become increasingly inadequate. It provides insufficient space for the agency's operations, is poorly suited for the nature of our activities and the needs of our clients, and fails to meet the expectations of our neighbors in the Town of Kensington.

### Service Area

Countywide

### JUSTIFICATION

HOC retained Vitetta to prepare a Program of Requirements (POR) for HOC's headquarters planning. Their preliminary summary of staff and leasable space requirements results in a total of 69,000 square feet needed by the year 2011. HOC has been reviewing office space options throughout the County with McShea & Company, a real estate brokerage firm.

The current facility does not provide enough office space or enough parking. The building comprises approximately 40,000 square feet of office space. HOC's needs have exceeded that amount since 1997. Since that time the Agency has leased space in nearby commercial office buildings. Currently we are leasing 14,000 square feet at prices ranging between \$17 and \$24 per square foot annually. Our current headquarters building provides 112 parking spaces. The building houses 175 staff and on average about 100 visitors per day.

The facility is in some respects inherently poorly suited to HOC's business activities and HOC's role as a client service provider. There is no access for the mobility impaired to three levels of the building, which can only be reached by stairs. This is unacceptable from employment and public service perspectives. The arrangement, construction, and age of the building have made it very expensive to maintain and operate. HOC has carried out extensive upgrades over our approximately twenty-year occupancy in an effort to solve telecommunications, access, energy efficiency, and security issues. These upgrades have provided only partial solutions. The nature of HOC's requirements simply do not mesh well with a facility whose design, systems, and construction were originally intended for elementary school purposes and date back to the 1950s.

The intensity of HOC's client service and administrative office use of the building is not well suited to the residential neighborhood in which it is located. This has resulted in a long history of issues between HOC and the Kensington community concerning traffic, parking, and shared use of the site by HOC and recreational users. In general, HOC and the community have succeeded in negotiating, ameliorating, or adjusting to these issues, but as HOC's activities continue to grow, the tension over the presence of the commercial building in the residential neighborhood has escalated. HOC's very successful, recent Housing Choice Voucher Lease Up program has added approximately 1,200 clients to the program, greatly exacerbating traffic and parking problems.

### Plans and Studies

Vitetta has completed a Program of Requirements for HOC's headquarters planning. Based on this study, leasable space requirements will be 69,000 square feet by the year 2011. HOC is pursuing building options that would provide this space. A hard copy of the Vitetta study is included with this CIP submission.

### Specific Data

HOC recently located an existing building in Rockville that appears to meet all the needs of our clients and staff. The site is a well-designed 101,000 square foot office building that will accommodate the needs of HOC and its clients. There is substantial on-site parking and easy access to public transportation.

A comprehensive facilities needs assessment completed in October 2001 indicated that, based on County space standards, HOC currently requires 60,000 square

APPROPRIATION AND EXPENDITURE DATA	COORDINATION	MAP																																																												
<table> <tr> <td>Date First Appropriation</td><td>FY07</td><td>(\$000)</td></tr> <tr> <td>Initial Cost Estimate</td><td></td><td>0</td></tr> <tr> <td>First Cost Estimate</td><td></td><td></td></tr> <tr> <td>Current Scope</td><td>FY07</td><td>0</td></tr> <tr> <td>Last FY's Cost Estimate</td><td></td><td>0</td></tr> <tr> <td>Present Cost Estimate</td><td></td><td>27,336</td></tr> <tr> <td> </td><td></td><td></td></tr> <tr> <td>Appropriation Request</td><td>FY08</td><td>6,569</td></tr> <tr> <td>Supplemental</td><td></td><td></td></tr> <tr> <td>Appropriation Request</td><td>FY07</td><td>14,198</td></tr> <tr> <td>Transfer</td><td></td><td>0</td></tr> <tr> <td> </td><td></td><td></td></tr> <tr> <td>Cumulative Appropriation</td><td></td><td>0</td></tr> <tr> <td>Expenditures/</td><td></td><td></td></tr> <tr> <td>Encumbrances</td><td></td><td>0</td></tr> <tr> <td>Unencumbered Balance</td><td></td><td>0</td></tr> <tr> <td> </td><td></td><td></td></tr> <tr> <td>Partial Closeout Thru</td><td>FY05</td><td>0</td></tr> <tr> <td>New Partial Closeout</td><td>FY06</td><td>0</td></tr> <tr> <td>Total Partial Closeout</td><td></td><td>0</td></tr> </table>	Date First Appropriation	FY07	(\$000)	Initial Cost Estimate		0	First Cost Estimate			Current Scope	FY07	0	Last FY's Cost Estimate		0	Present Cost Estimate		27,336				Appropriation Request	FY08	6,569	Supplemental			Appropriation Request	FY07	14,198	Transfer		0				Cumulative Appropriation		0	Expenditures/			Encumbrances		0	Unencumbered Balance		0				Partial Closeout Thru	FY05	0	New Partial Closeout	FY06	0	Total Partial Closeout		0	<p>Housing Opportunities Commission McShea Brokerage Real Estate Services</p>	<div style="border: 2px solid black; padding: 10px; text-align: center; margin-top: 20px;"> <b>AGENCY REQUEST</b> </div>
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feet and that our requirement will grow to 69,000 square feet by 2011. HOC intends to seek non-profit organizations to occupy the balance of space unused by HOC. Income from proposed tenants is not included in the analysis at this time as it is unknown and could potentially be used to cover any change in operational costs at the new site.

HOC is currently negotiating with the owner for the purchase of the site. The purchase price for the site and the improvements is reasonable based on market conditions; however, HOC is unable to afford the property without substantial assistance from the County. The total cost of the building and improvements is projected to be \$27,336,000. HOC can borrow a significant portion of this amount, roughly 28%, and is asking the County for the remainder of \$19,707,000.

HOC would fund its portion of the project through the use of bonds.